

ANGELL SPRINGS SPECIAL SERVICE DISTRICT

Financial Statements

December 31, 2005

ANGELL SPRINGS SPECIAL SERVICE DISTRICT

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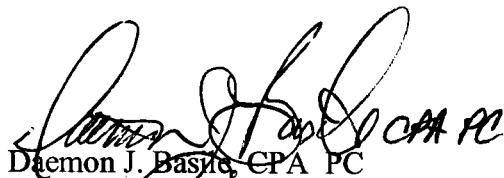
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Angell Springs Special Service District
Leeds, Utah

We have compiled the accompanying statement of net assets of Angell Springs Special Service District as of December 31, 2005, and the related statement of revenues, expenses and changes in net assets and statement of cash flows for the year then ended, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to the presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.



Daemon J. Basile, CPA PC
June 27, 2006

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Angell Springs Special Service District's (the District's) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2005. Read this discussion in conjunction with the District's financial statements.

Financial Highlights

The District's total net assets at year-end totaled \$497,775. This amount consists of \$241,092 of capital assets net of related debt and \$256,683 of other net assets.

The District's net assets increased by \$126,100.

Overview of the Financial Statements

The District's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States, promulgated by the Governmental Accounting Standards Board. The District reports as a single enterprise fund. Revenues are recognized when earned and expenses are recognized in the period in which they are incurred. See the notes to the financial statements for a summary of the District's significant accounting policies.

Balance Sheet

Assets	2005	2004
Current assets	\$373,100	\$ 48,083
Capital assets	<u>448,332</u>	<u>404,386</u>
Total assets	<u>\$821,432</u>	<u>\$452,469</u>
Liabilities		
Current liabilities	\$ 8,463	\$ 7,300
Long-term obligations	<u>315,194</u>	<u>73,494</u>
Total liabilities	<u>\$323,657</u>	<u>\$ 80,794</u>
Net Assets		
Invested in capital assets net of related debt	\$241,092	\$323,592
Unrestricted	<u>256,683</u>	<u>48,083</u>
Total net assets	<u>497,775</u>	<u>371,675</u>
Total liabilities and net assets	<u>\$821,432</u>	<u>\$452,469</u>

The increase in both current assets and long-term liabilities is due to bond issue for capital projects of the District.

Changes in Net Assets

	2005	2004
Operating revenue	\$ 57,565	\$ 57,016
Operating expenses	<u>35,649</u>	<u>30,932</u>
Operating income	21,916	26,084
Non-operating revenue	104,184	351
Non-operating expenses	<u>- 0 -</u>	<u>- 0 -</u>
Net income (loss)	<u>\$126,100</u>	<u>\$ 26,435</u>
Total net assets:		
Beginning of the year	<u>371,675</u>	<u>345,240</u>
End of the year	<u>\$497,775</u>	<u>\$371,675</u>

The increase in Non-operating revenue is due to a grant from the State of Utah for capital projects.

Capital Asset and Debt Administration

Capital Assets

During 2005, the District expended approximately \$50,062 on water system improvements. See notes to financial statements for more detailed information.

Long-term Debt

During 2004 & 2005 the District retired \$7,300 of long-term debt each year. In 2005 the District incurred \$249,000 of new debt.

Additional Information

This financial report is designed to provide users with a general overview of the District's finances and demonstrate accountability for the sources and uses of the District's funds. Questions concerning information contained in this report or requests for additional financial information should be addressed to the District Treasurer, Angell Springs Special Service District PO Box 461234 Leeds, UT 84746.

ANGELL SPRINGS SPECIAL SERVICE DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

ASSETS

Current Assets

Cash	\$368,694
Accounts Receivable	4,406

Total Current Assets	373,100
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Capital Assets

Land and Easement	202,165
Water Allotments	17,740
Water System	254,928
Equipment	20,419
Building	3,500

Less Accumulated Depreciation	(50,420)
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Net Capital Assets	448,332
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TOTAL ASSETS	\$821,432
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LIABILITIES

Current Liabilities

Accounts Payable	\$1,163
Current Portion of Loans	7,300

Total Current Liabilities	8,463
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Long Term Debt Net of Current Portion	315,194
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Total Liabilities	323,657
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NET ASSETS

Invested In Capital Assets, Net of Related Debt	241,092
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Unrestricted	256,683
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Total Fund Equity	497,775
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TOTAL LIABILITIES AND NET ASSETS	\$821,432
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ANGELL SPRINGS SPECIAL SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

Operating Revenues	
Charges for Services	\$57,565
Total Operating Revenues	<u>57,565</u>
Operating Expenses	
Advertising	747
Bad Debt Expense	48
Contract Labor	16,289
Depreciation	6,113
Dues & Subscriptions	556
Insurance	2,842
Professional Fees	2,001
Office Expenses	813
Postage	459
Repair & Maintenance	941
Supplies	447
Travel	1,110
Utilities	2,834
Water Testing	449
Total Operating Expenses	<u>35,649</u>
Operating Income	<u>21,916</u>
Non-Operating Revenue(Expense)	
Interest Income	3,184
Grant	101,000
Total Non-Operating Revenue (Expense)	<u>104,184</u>
Net Income	<u>126,100</u>
Net Assets - Beginning of Year	<u>371,675</u>
Net Assets - End of Year	<u><u>\$497,775</u></u>

ANGELL SPRINGS SPECIAL SERVICE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$58,102
Payments to suppliers	<u>(28,324)</u>
Net cash provided by operating activities	<u>29,778</u>

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES

Principal paid on capital debt	(7,300)
Cash received from capital debt	249,000
Cash received from grant	101,000
Purchases of capital assets	<u>(50,062)</u>
Net cash received from capital & related financing activities	<u>292,638</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest	<u>3,184</u>
Net increase/(decrease) in cash & cash equivalents	325,600
Cash at beginning of year	<u>43,094</u>
Cash at end of year	<u><u>\$368,694</u></u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$21,916
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation Expense	6,113
Change in assets and liabilities	
Receivables	586
Accounts payable	1,163

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$29,778</u></u>
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ANGELL SPRINGS SPECIAL SERVICE DISTRICT

Notes to Financial Statements For the Year Ended December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant government accounting policies are described below.

- **Financial Reporting Model**

The District has implemented the financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

- **Reporting Entity, History and Business Activity**

Angell Springs is a local special government district which operates a water system to provide culinary water services for the Angell Springs area of Washington County.

Angell Springs Special Service District was established on June 6, 1994 by resolution of the Board of County Commissioners of Washington County pursuant to the provisions of the Utah Special Service District Act, Utah Code Annotated, Section 17A-2-1301 and Article XIV, Section 8 of the Utah State Constitution. The District has no oversight responsibilities over any other governmental units which need to be reported as units of the District.

- **Enterprise Fund and Basis of Accounting**

An enterprise funds is used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs, (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or (b) where the governing body has decided that periodic determination for revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District operates as an enterprise fund.

Basis of accounting refers to revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The District uses the accrual basis of accounting. Revenues are recognized when earned and expenses when incurred.

ANGELL SPRINGS SPECIAL SERVICE DISTRICT

Notes to Financial Statements For the Year Ended December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Capital Assets and Depreciation

Property and equipment are stated at historical cost. Normal maintenance and repair expenses that do not add to the value of the asset or materially extend the asset life are not capitalized. Improvements are capitalized and depreciated over their remaining useful lives. If applicable, the net book value of property sold or otherwise disposed of is removed from the property and accumulated depreciation accounts and the resulting gain or loss is included in income.

Depreciation of property and equipment is computed using an estimated life between 5 and 48 years on the straight – line method.

- Allowance for Doubtful Accounts

Management has determined that an allowance for doubtful accounts is not necessary for the year ended December 31, 2005.

NOTE 2 – CASH DEPOSITS & INVESTMENTS

Cash and cash equivalents consist of cash in bank and temporary cash investments. The District follows the requirements of the Utah Money Management Act in handling its depository and temporary investment transactions. The law requires the depositing of funds in a “qualified depository”, defined as any institution whose deposits are insured by an agency of the Federal Government which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The District’s cash and cash equivalents are summarized in the following chart. At December 31, 2005, the carrying amount of the deposits was \$368,694 and the bank balance was \$62,693. Of the bank balance, all amounts were covered by FDIC or NCUA insurance.

	<u>Carrying Amount</u>
Deposits:	
Checking	\$ 38,867
PTIF funds	308,658
Savings Accounts and Certificates of Deposit	<u>21,439</u>
Total Deposits	<u>\$ 368,964</u>

At year-end additional deposits consisted of funds in the Utah State Treasurer’s Investment Fund. This investment is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act. The Investment is not categorized as to credit risk since it does not represent a security existing in physical or book entry form. Investments are carried at cost which approximates fair value. \$308,658 was invested in the Utah Public Treasurer’s fund at year-end.

ANGELL SPRINGS SPECIAL SERVICE DISTRICT

Notes to Financial Statements For the Year Ended December 31, 2005

NOTE 3 – SUMMARY OF CHANGES IN CAPITAL ASSETS

	<u>Dec 31, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec 31, 2005</u>
Land	\$200,165	-0-	-0-	\$200,165
Water Allotments	17,740	-0-	-0-	17,740
Easement	2,000	-0-	-0-	2,000
Water System	207,562	47,367	-0-	254,929
Equipment	17,724	2,695	-0-	20,419
Buildings	3,500	-0-	-0-	3,500
Total Property and Equipment	448,691	50,062	-0-	498,753
Accumulated Depreciation	(44,307)	(6,113)	-0-	(50,420)
Net Property & Equipment	\$404,384	43,949	-0-	\$448,333

NOTE 4 – USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 5 – RESTRICTED NET ASSETS

The District did not have restricted net assets December 31, 2005.

NOTE 6 – LONG TERM DEBT

The District has one long-term note with the State of Utah Department of Finance. The original was note issued July 11, 1994 for \$141,000. The original proceeds were used for the construction and improvement of the District's water system. The note is a zero interest loan payable in annual installments of \$7,300 until paid in full.

Bonds payable at December 31, 2005 consist of, 0% Revenue bonds, payable to the Utah Drinking Water Board, original balance of \$249,000, due in annual installments commencing January 1, 2007.

Annual requirements to amortize long-term debt:

<u>Calendar Year</u>	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Total</u>
2006	- 0 -	7,300	7,300
2007	9,000	7,300	16,300
2008	9,000	7,300	16,300
2009	9,000	7,300	16,300
2010	9,000	7,300	16,300
Thereafter	213,000	36,994	249,994
Total	\$249,000	\$73,494	\$322,494